

Programme document for Ethiopia (2012-2015)

Contents

| | | <i>Paragraphs</i> | <i>Page</i> |
|-------|--|-------------------|-------------|
| I. | Situation analysis..... | 1-6 | 2 |
| II. | Past cooperation and lessons learned..... | 7-9 | 3 |
| III. | Proposed programme..... | 10-15 | 4 |
| IV. | Programme management, monitoring and evaluation..... | 16-18 | 6 |
| Annex | Results and resources framework | | |

I. Situation analysis

1. Driven by its vision to become a middle-income country and carbon-neutral economy by 2025 and backed by prudent macro-policy management and significant investment in infrastructure, Ethiopia has achieved commendable development results over the past decade. The economy grew at a real annual average rate of 11% between 2005-10, poverty levels declined sharply, from 38.6% in 2004/05 to 29.2% in 2010 (MOFED 2010), and the evidence from the [Ethiopia MDG Report 2010](#) suggests that the country is on course to achieve most of the MDGs by 2015, with the exception of gender equality and maternal health. Ethiopia's Human Development Index increased significantly over the past decade, rising from 0.250 in 2000 to 0.328 in 2010 (HDR 2010).

2. Ethiopia, however, remains a low-income country with almost a third of its 80 million people living below the poverty line. Inequality, vulnerability to internal and external shocks and a high dependence on ODA, amounting to a third of its national budget (of which some 30-50% is humanitarian and food aid) remain key challenges. Rural-urban, as well as regional disparities in income levels, poverty, and social services provision still prevail. Between 1995 and 2005 poverty declined in rural areas from 47% - 39% while it increased in urban areas from 33% to 35% in the same period. Four of the country's nine regions lag behind the national average in almost all development indicators. Social and cultural norms pose challenges to gender equality in spite of the fact that women constitute 47% of the labor force. Accelerating and sustaining economic growth is key and removal of constraints such as low private sector participation, significant supply side constraints within the agricultural sector, a weak industrial sector and limiting constraints faced by small- and medium-scale enterprises becomes imperative. Agriculture, which contributes 41% of GDP and employs 80% of the population, is still predominantly small holder (85%) and traditional. This is reflected in low levels of productivity and incomes and high vulnerability to changes in rainfall. Institutional capacities to support agricultural transformation remain weak.

3. The vulnerability of Ethiopia's economy to climate change, combined with its plans to achieve accelerated and green growth, demand significant investment in mitigation and adaptation: 7 to 8% of Ethiopia's economy is affected by climate change and maintaining the targeted baseline 11% economic growth rate requires an investment of US\$1.2-1.5 billion per annum in mitigation and adaptation. There is a need to enhance Government capabilities in policy and institutional frameworks, and access to financing to navigate the complex task of leveraging emerging opportunities on climate change.

4. A series of governance reforms, successively implemented since 1992, have led to significant improvements in public service delivery, electoral administration, access to and administration of justice, and women's participation in politics. Presently, 27% of parliamentarians are women. Capacities of key institutions of democratic governance, notably those with oversight responsibilities for promoting human rights and enhancing transparency and accountability are being strengthened. Nevertheless, challenges remain in enhancing pluralistic and participatory democracy and capacities for effective public sector and development management, especially in the four developing regional states.

5. The fragile geo-political context within the Horn of Africa, the ramifications of the conflict in Somalia, and ongoing political events in Sudan have implications for the stability and development prospects of Ethiopia. Coupled with the land-locked nature of the country, Ethiopia's long-term prospects are intricately linked to improved socio-political stability, security and economic development in the sub-region.

6. The recently launched national Growth and Transformation Plan (GTP) targets transformational change in agriculture, industry and governance. This is to be achieved through unleashing the potential of small-scale farmers and those of small- and medium-scale enterprises, as well as deepening democratic development and decentralization, enhancing public service delivery, promoting equity, access to justice, transparency and accountability. Significant investments and continued action, however, are needed to strengthen participatory democracy and capacity development, address vulnerabilities, and build resilience to ensure success in the transformative agenda.

II. Past cooperation and lessons learned

7. The preceding country programme (2007-2010) focused on: enhancing pro-poor economic growth; addressing food insecurity and vulnerability to disasters; promoting good governance, with gender, capacity development and human rights as cross-cutting issues. Programme support focused primarily on policy reform, strengthening institutional capacities and piloting to inform policy and to up-scale good practices.

8. *Key results under the previous programme.* A 2009 Mid-term Review (MTR), coupled with project level reviews and evaluations point to results that: (a) improved the policy environment that underpinned high growth and improvements in human development indicators; (b) enhanced institutional capacities for better public service delivery, robust agricultural development, and more effective disaster risk management; (c) strengthened capacities of government institutions for programme planning, implementation, coordination and results-based management; and (d) enhanced capacities of key democratic institutions for policy oversight, accountability and transparency. UNDP has, for example, been instrumental in: designing a national agricultural policy and investment programme that has raised over US\$200 million for agricultural development; and strengthening democratic institutions which has increased citizens' knowledge of their rights and the volume, efficiency and resolution of cases that address human rights, maladministration and corruption.

9. *Lessons Learned:* The MTR emphasized adopting an enhanced programmatic approach, and being more responsive by instituting approaches to planning, implementation and monitoring, based on a more regionally differentiated strategy. It further stressed the imperative of complementing downstream interventions to address impacts of climate change and stimulate enhanced local economic development with upstream interventions. UNDP's catalytic role in policy development, and facilitation of multi-donor investments in agriculture, needs to be leveraged in small- and medium-scale enterprises. The difference in planning cycles between UNDP's calendar year and that of the Government of Ethiopia breaks momentum in programme implementation. A shift from a three-month to a six-month disbursement cycle would resolve delays related to channeling of funds.

III. Proposed programme

10. Anchored in the GTP, the country programme is guided by UNDP's comparative advantage in three of the four strategic pillars articulated in the United Nations Development Assistance Framework (UNDAF 2012-2015). The overarching strategic thrust is strengthening capacities of national actors, systems and institutions, through targeted and catalytic interventions that accelerate broad-based development and safeguard development gains against endogenous and exogenous shocks. The programme is framed around three strategic priorities: **enhanced economic growth and poverty reduction; democratic governance and capacity development; and development of a low-carbon and climate-resilient economy (LCCR)**. Gender, knowledge management and South-South cooperation will be utilized to facilitate innovation, and scale-up good practices. Within the Delivering as One initiative, implementation of the country programme will be done through the joint UNDAF Action Plan. To ensure greater alignment with the national development planning cycle, the Government and UNCT agreed that the UNDAF and Country Programmes would cover a four-year period.

Programme Component I: Enhanced Economic Growth and Poverty Reduction

11. This programme component will support the Government's efforts to accelerate pro-poor economic growth, with agricultural (particularly small holders) and small- and medium-scale enterprises as the key drivers, anchored in a value-chain approach. The focus will be on supporting gender responsive policy and institutional capacity development at both the national and sub-national levels to build the knowledge, skills and systems that can enhance access to critical productive services, support efficiency of

marketing systems, and leverage appropriate technology and practices to demonstrate sustainable options for boosting agricultural productivity and income in rural areas. UNDP will support policy and diagnostic work, knowledge networking, codification of knowledge, and testing of innovative practices that can facilitate solutions to practical bottlenecks in building effective value chains; and strengthen capacities of producer and private sector institutions to enhance access of the poor, especially women and youth, to better technologies, inputs, finance and markets.

12. To build resilience against global financial and economic shocks, UNDP, in collaboration with World Bank and research institutions, will enhance national capacities for economic intelligence, policy and analytic work on the potential impacts of global developments and appropriate risk mitigation, as well as policy and institutional capacity development for expanding fiscal space, including by exploring and leveraging alternative sources of development financing.

Programme Component II: Low-Carbon, Climate-Resilient Economy

13. This component will support Ethiopia's transition to a LCCR economy through: technical support in formulating a gender responsive LCCR strategy and piloting its implementation; policy advice and technical support to mainstream mitigation, resilience and other environmental priorities into economic growth activities, particularly in the agricultural, infrastructure, water and energy sectors; and piloting of renewable energy initiatives. UNDP will support the establishment of a financing facility to enhance access to new and additional financial flows, support technology transfer for implementation of mitigation and adaptation and address other emerging environmental priorities. This programme component will also provide institutional capacity support to enhance compliance to and implementation of the provisions of domestic and multilateral environmental regulations. A further emphasis of this component will be the provision of policy and operational support to the implementation of a comprehensive Disaster Risk Management (DRM) system.

Programme Component III: Democratic Governance and Capacity Development

14. This component will strengthen national capacities to institutionalize a democratic and developmental state to sustain inclusive growth and MDG achievement. The programme will strengthen capacities of oversight institutions, including the Federal Ethics and Anti-Corruption Commission, Parliament and Auditor General's Office, to develop and maintain systems that ensure transparency, accountability and efficiency in the public sector. Support to the Ethiopian Human Rights Commission and Ombudsman will help strengthen case management systems and outreach to citizens, especially women and vulnerable groups on human rights and maladministration issues. The programme will strengthen access to justice through legal education and legal aid as well as promote public participation particularly women by strengthening electoral systems, dialogue platforms and civic engagement.

15. The programme component will support improvements in leadership capacity, business processes and management systems in public institutions to enhance efficient management of public resources, development of responsive policies and improved delivery mechanisms to expand and enhance the quality of service provision for communities, with an emphasis on women, vulnerable groups and businesses. The principal focus of this approach will be on strengthening institutions in the Developing Regional States to lead participatory planning and implementation processes; generate and sustain revenue; and ensure equitable access to services.

IV. Programme management, monitoring and evaluation

16. Within the Delivering as One framework, the UNDAF Action Plan will provide the operational framework for the country programme (replacing the CPAP). UNDP will support joint programming, implement joint programmes and administer the One UN Fund.

17. The National Implementation Modality (NIM) is the preferred modality, although other modalities will be utilized in agreement with Government (DEX/DIM, FTP). Overall coordination will be vested in the Ministry of Finance and Economic Development, and national implementing partners will be accountable for results articulated in Annual Work Plans.

18. Monitoring and Evaluation will include: quarterly outcome progress reviews, Joint Annual Reviews, outcome and programme evaluations; and a mid-term or final UNDAF evaluation. UNDP will utilize government systems and databases to monitor outcome indicators where data is available.

19. Major risks for successful implementation of this programme include: low capacity of national partners to match the ambitious development targets of the GTP; global developments and crises leading to resource reduction and economic instability. This country programme will therefore place more emphasis on capacity and leadership development and on strengthening capacity retention in the public sector. The programme will also support government efforts to mobilize alternative, non-traditional resources and to improve efficiency in public management.

ANNEX. RESULTS AND RESOURCES FRAMEWORK

| NATIONAL PRIORITY: Accelerated, sustainable and equitable/fair economic growth towards middle income status by 2025. | | | | | |
|---|---|---|---|---|--|
| UNDAF OUTCOME 1: Increased use by agricultural producers of improved institutional services, efficient marketing system, and appropriate technology and practices for sustainable increase in agricultural production and productivity by 2015. Outcome indicator: No. of agricultural producers that adopt improved technologies by type of technology, disaggregated by gender and age and size. Related Strategic Plan focus areas: Poverty Eradication | | | | | |
| GOVERNMENT PARTNER CONTRIBUTION | OTHER PARTNER CONTRIBUTIONS | UNDP CONTRIBUTION | INDICATOR(S), BASELINES AND TARGET(S) FOR UNDP CONTRIBUTIONS | INDICATIVE COUNTRY PROGRAMME OUTPUTS | INDICATIVE RESOURCES BY OUTCOME (US\$) |
| The Ministry of Finance, Economic Development (MOFED) will set policies, allocate resources. Ministry of Agriculture to lead on Plan implementation | UN agencies, bi-laterals, IFIs will provide financial and technical assistance Research institutes and social actors will conduct socio-economic analysis to inform policy | UNDP will strengthen capacities of government and producer institutions to design, develop and deliver key services | Indicator: % small holders (at least 50% women) accessing new practices and technologies and new markets. Baseline: 5 m out of 15m farmers accessing modern extension services (new practices, technologies, markets). Target: At least 30% more farmers accessing new practices, technologies and access new markets. | Best practices up-scaled, new technology and markets introduces and services expanded for increased production and productivity in targeted value chains in four regions; | Regular: 10,260,000 Other: 10,800,000 |
| UNDAF OUTCOME 2: By 2015, private sector-led Ethiopian manufacturing and service industries, especially small- and medium-scale enterprises, have sustainably improved their competitiveness and employment creation potentials. Outcome indicators: % export earning of manufactured goods; value of import substitution; % women in waged employment in non-agricultural sector. Related Strategic Plan focus areas: Poverty Eradication | | | | | |
| MOFED will set policies and allocate resources. Ministry of Industry leads Programme implementation | Donors to harmonize investments; UNIDO to provide technical know-how, Chambers of Commerce to support implementation | UNDP to assist policy formulation, business development; investment promotion across value chains | Indicator: Number of SMEs and their profitability in selected markets Baseline: TBD; Limited SME data Target: 10% increase in the number of profitable SMEs (of whom at least 50% belong to women and youth) | National SME Development Policy and Programme formulated; solutions to bottlenecks for SME entry and survival up-scaled. | Regular: 15,140,000 Other: 16,200,000 |
| NATIONAL PRIORITY: Ethiopia to become a Carbon Neutral and Climate Resilient Economy by 2025 | | | | | |
| UNDAF OUTCOME 4: By 2015, national and sub national institutions and vulnerable communities have systematically reduced disaster risks, impacts of disasters and have improved food security: Outcome indicator: % improvement in DRRM systems at the national, sub national and community levels; % of woredas with reduced disaster risks; % of people affected by disaster events. Related Strategic Plan focus areas: Energy and Environment for Sustainable Development | | | | | |

| | | | | | |
|--|---|--|--|--|---|
| Government to release DRRM policy and adopt strategic investment framework DRM | Civil society to build public awareness; Donor/UN to harmonize approaches, financial and technical support | UNDP to support mainstreaming & operationalization of DRRM policy | Indicator: Woredas with early warning system (EWS) and contingency plans; Baseline: Regional EWS & Contingency Plans limited Target: 50% of vulnerable woredas operationalize the EWS | Integrated DRM systems & coordination mechanisms functional at federal & regional levels | Regular: 9,100,000 Other: 20,000,000 |
| UNDAF OUTCOME 5: By 2015, the governance systems, use of technologies and practices and financing mechanisms that promote a low carbon climate resilient economy and society have improved at all levels. Outcome indicator: No. institutions that have mainstreamed climate change adaptation and mitigation; % of incremental finance mobilized; national CC financial mechanism established. Related Strategic Plan focus areas: Env. and Sust. Dev. | | | | | |
| The Government will finalize and implement the National Framework for a Low Carbon and Climate Resilient Economy | Donors and UN will provide financial and technical support; private sector will scale-up viable technologies; civil society will support community adaptation | UNDP to provide technical and financial support for LCCR & MEA compliance, access to climate finance and technology. | Indicator: Gender responsive policies, sector strategies, investments increasingly LCCR and MEA compliant; Baseline: minimal compliance; measurement system not in place Target: LCCR compliance in GTP and 3 critical sector strategies; New climate financing mobilized | Technical studies, consultations and proposals completed for LCCR and MEA compliance; national multi-donor climate trust fund established and operational. | Regular: 9,600,000 Other: 35,800,000 |
| NATIONAL PRIORITY: Democracy and good governance are maintained through people's participation and good will and social justice are secured | | | | | |
| UNDAF OUTCOME 10: By 2015, national and sub-national actors utilize improved mechanisms that promote inclusiveness, participation, transparency, accountability and responsiveness in national development processes; Outcome indicator: Improved structure, effectiveness, responsiveness and accountability of governance institutions. Related Strategic Plan focus areas: Democratic Governance | | | | | |
| Strengthen capacity of democratic institutions through policy, legislative, budget and staffing provisions for institutional functionality | Donors provide financial support, engage in governance dialogue; CSOs to support social accountability through citizens' perception surveys | UNDP to provide technical advice, manage multi-donor, programmes, facilitate dialogue, knowledge exchange | Indicator: Improved responsiveness and effectiveness of governance institutions addressing protection of human rights and anti-corruption Baseline: TBD by citizens' perception survey (2011) Target: 30% increase from baseline of perceived effectiveness in 2011 | Successful resolution of cases handled by democratic institutions increased as a sign of responsiveness to citizens | Regular: 5,866,000 Other: 34,900,000 |
| UNDAF OUTCOME 11: By 2015 capacities of national, local and community institutions strengthened for evidence based planning, implementation, monitoring, evaluation and decision making. Outcome indicator: Level of satisfaction of communities in provision of public services; Participatory evidence based development planning, monitoring, evaluation and decision making; Related Strategic Plan focus areas: Democratic Governance | | | | | |
| Government to develop package to accelerate development in Developing Regional States | UN agencies and CSOs to enhance services, public management and livelihoods with donor support through a joint UN Programme. | UNDP to strengthen local government capacity to manage and monitor public service delivery | Indicator: % of local governments' service delivery in DRS meeting minimum standards of functionality Baseline: low human resource & fund absorption capacities Target: 'core' organizations meet | Planning, public expenditure management and M&E capacities of 'core' service delivery organizations | Regular: 4,000,000 Other: 10,000,000 |

| | | | | | |
|--|--|--|---|---------------------------------------|--|
| | | | capacity benchmarks; 50% or more of annual budgets expended | upgraded to meet capacity benchmarks. | |
|--|--|--|---|---------------------------------------|--|

COSTED EVALUATION PLAN: 2012-2015

| UNDAF/ CPD Outcome | Strategic Plan Results Area | Evaluation Title | Partners (joint evaluation) | Evaluation commissioned by (if not UNDP) | Type of evaluation | Planned Evaluation Completion Date | Estimated Cost | Provisional Source of Funding |
|-----------------------------------|---|---|---|---|----------------------------------|---|---------------------------|--|
| 1 | Poverty Reduction | Midterm outcome evaluation of Agriculture Growth Area | Ministry of Agriculture; MOFED | | Midterm outcome evaluation | 31.12.2013 | USD 30,000 | <small>TRAC</small> |
| 2 | Poverty Reduction | Midterm outcome evaluation of Industry Growth Area | Ministry of Industry; MOFED; Ministry of Trade | | Midterm outcome evaluation | 31.12.2013 | USD 30,000 | <small>TRAC</small> |
| 3 | Energy and Environment for Sustainable Development | Project Evaluation of Mine Action Programme | MOFED, EMAO | | Final project evaluation | 31.12.2013 | USD 50,000 | CS |
| 3 | Energy and Environment for Sustainable Development | Project evaluation of Disaster Risk Reduction Management | Ministry of Agriculture (DRR&FS); Regional EWS | | Midterm project evaluation | 31.12.2013 | USD 20,000 | <small>TRAC/CS</small> |
| 5 | Energy and Environment for Sustainable Development | Final Evaluation of Coping with drought programme | EPA, Regional governments | | Final project evaluation | 31.12.2012 | USD 20,000 | <small>GEF</small> |
| 5 | Energy and Environment for Sustainable Development | Midterm evaluation Sustainable Development of Protected Areas Programme | Wildlife Conservation Authority, Regional Governments | | Midterm project evaluation | 31.03.2012 | USD 23,000 | <small>GEF</small> |

| | | | | | | | | |
|----|--|---|--|--|----------------------------|------------|------------|----------------|
| 5 | Energy and Environment for Sustainable Development | Midterm project evaluation Mainstreaming Agro biodiversity | Institute of Biodiversity Conservation, Ministry of Agriculture | | Midterm project evaluation | 31.07.2013 | USD 30,000 | GEF |
| 5 | Energy and Environment for Sustainable Development | Terminal project Evaluation Mainstreaming Agro biodiversity | Institute of Biodiversity Conservation, Ministry of Agriculture | | Final project evaluation | 31.08.2014 | USD 40,000 | GEF |
| 5 | Energy and Environment for Sustainable Development | Terminal Evaluation MDG Environment Programme | Ministry of Agriculture, EPA, FAO, UNEP, Regional partners | | Final project evaluation | 31.12.2012 | USD 40,000 | MDG Trust Fund |
| 5 | Energy and Environment for Sustainable Development | Midterm Evaluation for LDCF | Environment Protection, four Regional govts., Authority, Addis Ababa city Administration | | Midterm project evaluation | 31.8.2014 | USD 30,000 | GEF |
| 5 | Energy and Environment for Sustainable Development | Midterm outcome evaluation on the Energy and Environment for Sustainable Development area | MoA MOFED | | Midterm outcome evaluation | 31.12.2013 | USD 30,000 | TRACCS |
| 10 | Democratic Governance | Final project evaluation of DIP | MOFED – UN Agencies – Bilateral organizations | | Final project evaluation | 31.12.2012 | USD 30,000 | CS |

| | | | | | | | | |
|-----------|-----------------------|--|---|--|----------------------------|------------|----------------|------|
| 10 | Democratic Governance | Outcome evaluation of Democratic Governance Programme Area | MOFED – UN Agencies – Bilateral organizations | | Midterm outcome evaluation | 1.09.2013 | USD 30,000 | CS |
| 11 | Democratic Governance | Joint midterm outcome evaluation (DRS) | MOFED – UN Agencies – Bilateral organizations | | Midterm outcome evaluation | 31.12.2013 | USD 30,000 | CS |
| All | UNDAF/CPD | UNDAF/CPD final evaluation | UN agencies MOFED | | Final evaluation | 31.08.2014 | USD 40,000 | TRAC |
| TOTAL USD | | | | | | | USD 473,000.00 | |